

ORIGINAL

NEW APPLICATION



0000111313

BEFORE THE ARIZONA CORPORATION COMMISSION

2010 APR 20 A 9:56

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

In the matter of:

GLOBAL TRADING PARTNERS, LLC, an
Arizona limited liability company,

MICHAEL EUGENE GOWENS and JANE
DOE GOWENS, husband and wife,

Respondents.

DOCKET NO. S-20739A-10-0150

TEMPORARY ORDER TO CEASE AND
DESIST AND NOTICE OF
OPPORTUNITY FOR HEARING

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER

The Securities Division ("Division") of the Arizona Corporation Commission
("Commission") alleges that respondents GLOBAL TRADING PARTNERS, LLC and MICHAEL
EUGENE GOWENS are engaging in or are about to engage in acts and practices that constitute
violations of A.R.S. § 44-1801, et seq., the Arizona Securities Act ("Securities Act"), and that the
public welfare requires immediate action.

The Division further alleges MICHAEL EUGENE GOWENS controlled GLOBAL
TRADING PARTNERS, LLC within the meaning of A.R.S. § 44-1999, so that he is jointly and
severally liable under A.R.S. § 44-1999 to the same extent as GLOBAL TRADING PARTNERS,
LLC for violations of the Securities Act.

Arizona Corporation Commission

DOCKETED

APR 20 2010

DOCKETED BY

nr

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENTS

2. GLOBAL TRADING PARTNERS, LLC (“GLOBAL TRADING”) is an Arizona limited liability company located in Mesa, Arizona. According to the Articles of Organization, the management of GLOBAL TRADING is “vested in the manager.” The current manager and only member of GLOBAL TRADING is MICHAEL EUGENE GOWENS.

3. MICHAEL EUGENE GOWENS (“GOWENS”) resides in Gilbert, Arizona.

4. GLOBAL TRADING and GOWENS may be referred to collectively as “Respondents.”

5. JANE DOE GOWENS has been at all relevant times the spouse of Respondent GOWENS. JANE DOE GOWENS may be referred to as “Respondent Spouse.” Respondent Spouse is joined in this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital community.

6. At all relevant times, GOWENS has been acting for his own benefit and for the benefit or in furtherance of his marital community.

III.

FACTS

7. On or about April 14, 2010, GLOBAL TRADING AND GOWENS caused to be placed an advertisement on Phoenix Craig’s List seeking investors. The advertisement stated as follows:

Seasoned company ready to launch phase two. We have been test marketing our services world wide for the past 24 months. During this time we have developed a solid reputation built on trust, integrity and ethical business practices. We have also developed

1 over 1000 clients and Joint Venture partners world wide. We have
2 also established ourselves as a competent supplier and
3 management company. We have spent over 1/2 million dollars and
4 thousands of man hours to get to this point.

5 We are looking for a few investors (equity or non equity) to help
6 us take it to the next level. We are looking for short term investors
7 (8 to 12 months) who would like to help us take the company to
8 the next level. This is not a blue sky offer by any means. We have
9 developed a working business model based on our research and
10 development. We have taken a very conservative, realistic and
11 cautious approach with our business model. Our cash flow
12 projections month 1 through month 12 are based on real contracts.
13 We have done everything in our power to minimize risk.

14 8. An Arizona offeree responded to the advertisement on Phoenix Craig's List and
15 contacted GLOBAL TRADING and GOWENS via email seeking further information. In response,
16 "Michael" stated the company is "involved in international business" involving commodities and
17 that he needed "a cash infusion just to tide [him] over until these contracts start to cash flow."

18 9. Based upon information and belief, "Michael" is Respondent GOWENS.

19 10. In a subsequent email to the same offeree, "Michael" stated that he was located in
20 Arizona and sought less than \$75,000 over the next 90 days. "Michael" provided an Arizona
21 telephone number.

22 11. During a telephone conversation with "Michael," an offeree asked for the terms of
23 the investment. "Michael" stated that he sought an investment up to \$100,000 or any amount the
24 investor would be comfortable investing. "Michael" stated that the investor could name the terms
25 of the investment including the rate of return and the timeframe of the investment.

26 12. "Michael" offered to give the offeree "stock" in GLOBAL TRADING or a note in
exchange for an investment. However, GLOBAL TRADING is a limited liability company.

13. According to the website address "Michael" provided to the offeree, "Global
Trading Partners, Inc." is an Arizona Corporation. However, there is no corporation in Arizona by
the name of "Global Trading Partners, Inc."

14. "Michael" stated that the funds would be used to pay down the company debt.

1 15. On February 23, 2010, GOWENS filed for protection under Chapter 13 of the U. S.
2 Bankruptcy Code. According to the schedules filed in GOWENS' bankruptcy, GOWENS states he
3 is unemployed with no annual income. Respondents did not provide this information to the offeree.

4 16. In another email to the offeree, "Michael" stated that he expected the company to
5 begin receiving cash in the next "90 to 120 days." However, there was no disclosure of the
6 expected cash flow in the Bankruptcy schedules filed by GOWENS.

7 17. On March 12, 2010, GOWENS was sentenced to two years of community
8 supervision for theft of over \$10,000 and is currently on supervised probation. Respondents did not
9 provide this information to the offeree.

10 18. Neither GLOBAL TRADING nor GOWENS are registered as a securities dealer
11 and/or salesman.

12 **IV.**

13 **VIOLATION OF A.R.S. § 44-1841**

14 **(Offer and Sale of Unregistered Securities)**

15 19. From on or about April 14, 2010 to the present, Respondents have been offering or
16 selling securities in the form of investment contracts or notes, within or from Arizona.

17 20. The securities referred to above are not registered pursuant to Articles 6 or 7 of the
18 Securities Act.

19 21. This conduct violates A.R.S. § 44-1841.

20 **V.**

21 **VIOLATION OF A.R.S. § 44-1842**

22 **(Transactions by Unregistered Dealers or Salesmen)**

23 22. Respondents are offering or selling securities within or from Arizona while not
24 registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

25 23. This conduct violates A.R.S. § 44-1842.
26

1 VI.

2 VIOLATION OF A.R.S. § 44-1991

3 (Fraud in Connection with the Offer or Sale of Securities)

4 24. In connection with the offer or sale of securities within or from Arizona, Respondents
5 are, directly or indirectly: (i) employing a device, scheme, or artifice to defraud; (ii) making untrue
6 statements of material fact or omitting to state material facts that are necessary in order to make the
7 statements made not misleading in light of the circumstances under which they are made; or (iii)
8 engaging in transactions, practices, or courses of business that operate or would operate as a fraud or
9 deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the
10 following:

11 a) Respondents failed to disclose to offerees that GOWENS had filed for
12 protection under the U.S. Bankruptcy Code shortly before he sought investors; and

13 b) Respondents failed to disclose offerees that GOWENS was recently sentenced
14 to two years of community supervision for theft of over \$10,000 and he is currently on supervised
15 probation.

16 25. This conduct violates A.R.S. § 44-1991.

17 26. GOWENS directly or indirectly controlled persons or entities within the meaning of
18 A.R.S. § 44-1999, including but not limited to GLOBAL TRADING. Therefore, GOWENS is jointly
19 and severally liable under A.R.S. § 44-1999 to the same extent as GLOBAL TRADING for any
20 violations of A.R.S. § 44-1991.

21 VII.

22 TEMPORARY ORDER

23 Cease and Desist from Violating the Securities Act

24 THEREFORE, based on the above allegations, and because the Commission has determined
25 that the public welfare requires immediate action,

1 IT IS ORDERED, pursuant to A.R.S. § 44-1972(C) and A.A.C. R14-4-307, that Respondents,
2 their agents, servants, employees, successors, assigns, and those persons in active concert or
3 participation with Respondents CEASE AND DESIST from any violations of the Securities Act.

4 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in
5 effect for 180 days unless sooner vacated, modified, or made permanent by the Commission.

6 IT IS FURTHER ORDERED that this Order shall be effective immediately.

7 **VIII.**

8 **REQUESTED RELIEF**

9 The Division requests that the Commission grant the following relief:

10 1. Order Respondents to permanently cease and desist from violating the Securities Act,
11 pursuant to A.R.S. § 44-2032;

12 2. Order Respondents to take affirmative action to correct the conditions resulting from
13 Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to
14 A.R.S. §44-2032;

15 3. Order Respondents to pay the state of Arizona administrative penalties of up to five
16 thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

17 4. Order that the marital community of GOWENS and Respondent Spouse is subject to
18 any order of restitution, rescission, administrative penalties, or other appropriate affirmative action
19 pursuant to A.R.S. § 25-215; and

20 5. Order any other relief that the Commission deems appropriate.

21 **IX.**

22 **HEARING OPPORTUNITY**

23 Each respondent including Respondent Spouse may request a hearing pursuant to A.R.S. § 44-
24 1972 and A.A.C. Rule 14-4-307. **If a Respondent or Respondent Spouse requests a hearing, the**
25 **requesting respondent must also answer this Temporary Order and Notice.** A request for
26 hearing must be in writing and received by the Commission within 20 days after service of this

1 Temporary Order and Notice. The requesting respondent must deliver or mail the request for hearing
2 to Docket Control, Arizona Corporation Commission, 1200 West Washington, Phoenix, Arizona
3 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
4 Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.

5 If a request for hearing is timely made, the Commission shall schedule a hearing to begin 10 to
6 30 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or
7 ordered by the Commission. **Unless otherwise ordered by the Commission, this Temporary**
8 **Order shall remain effective from the date a hearing is requested until a decision is entered.**
9 After a hearing, the Commission may vacate, modify, or make permanent this Temporary Order, with
10 written findings of fact and conclusions of law. A permanent Order may include ordering restitution,
11 assessing administrative penalties, or other action.

12 If a request for hearing is not timely made, the Division will request that the Commission
13 make permanent this Temporary Order, with written findings of fact and conclusions of law, which
14 may include ordering restitution, assessing administrative penalties, or other relief.

15 Persons with a disability may request a reasonable accommodation such as a sign language
16 interpreter, as well as request this document in an alternative format, by contacting Shaylin A.
17 Bernal, ADA Coordinator, voice phone number 602/542-3931, e-mail sabernal@azcc.gov.
18 Requests should be made as early as possible to allow time to arrange the accommodation.

19 **X.**

20 **ANSWER REQUIREMENT**

21 Pursuant to A.A.C. R14-4-305, if a Respondent or Respondent Spouse requests a hearing,
22 the requesting respondent must deliver or mail an Answer to this Temporary Order and Notice to
23 Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
24 85007, within 30 calendar days after the date of service of this Temporary Order and Notice.
25 Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
26 Commission's Internet web site at www.azcc.gov/divisions/hearings/docket.asp.


1 Additionally, the answering respondent must serve the Answer upon the Division.
2 Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-
3 delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix,
4 Arizona, 85007, addressed to Wendy Coy, Senior Counsel.

5 The Answer shall contain an admission or denial of each allegation in this Temporary
6 Order and Notice and the original signature of the answering respondent or the respondent's
7 attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial
8 of an allegation. An allegation not denied shall be considered admitted.

9 When the answering respondent intends in good faith to deny only a part or a qualification
10 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
11 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

12 The officer presiding over the hearing may grant relief from the requirement to file an
13 Answer for good cause shown.

14 BY ORDER OF THE ARIZONA CORPORATION COMMISSION, this 20 day of
15 April, 2010.

16 
17 _____
18 Matthew J. Neubert
19 Director of Securities
20
21
22
23
24
25
26